MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2018/2019

DTX5018 – TAXATION 1

(For Diploma Students Only)

24 OCTOBER 2018
9.00 a.m. – 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 9 pages with 4 Questions only.
2. Attempt all the **FOUR** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Write your answers in the answer booklet provided.

QUESTION 1

Samad, an Arabian citizen, arrived in Malaysia for the first time on 30 September 2010. Thereafter, his pattern of stay was as follows:

30/09/2010-31/12/2010	In Malaysia
01/01/2011-30/05/2011	In Malaysia
31/05/2011-17/06/2011	Attending seminar in Dubai
18/06/2011-03/07/2011	In Malaysia
04/07/2011-22/12/2011	Visit father sick in Oman
23/12/2011-29/12/2011	In Malaysia
30/12/2011-31/12/2011	In Indonesia
01/01/2012-31/03/2012	In Malaysia
01/04/2012-31/07/2012	Study abroad for professional certificate
01/08/2012-15/08/2012	In Thailand
16/08/2012-31/12/2012	In Malaysia
01/01/2013-12/02/2013	In Malaysia
10/03/2013-18/05/2013	In Malaysia
01/01/2014-31/01/2014	In Malaysia
01/02/2014-31/05/2014	In Nami Island
01/06/2014-15/07/2014	In Malaysia
16/07/2014-31/10/2014	In Yogjakarta
01/11/2014-25/12/2014	In Malaysia
26/12/2014-31/12/2014	Social visit in Brunei
01/01/2015-30/03/2015	In Malaysia
31/03/2015-13/04/2015	In Taipei for social visits
14/04/2015-31/07/2015	In Malaysia
01/08/2015-30/10/2015	In Amsterdam
01/11/2015-31/12/2015	In Malaysia
01/01/2016-31/12/2016	In Saudi Arabia
01/01/2017-03/07/2017	In Malaysia

Required:

a) Determine Samad's tax residence status for the year of assessment 2010 to 2017, stating the relevant provisions to support your answer. (17 marks)

b) List and briefly explain FOUR (4) different characteristics between resident and non-resident individual. (8 marks)

(Total: 25 marks)

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QUESTION 2

Puan Anith is an accountant in PYC Sdn Bhd, which located in Klang Valley. For the year ended 31 December 2017, she received the following income and benefits:

Monetary items	**RM**
Salary	8,000 per month
Bonus equivalent to 1.5 months salary	
Entertainment allowance	30,000 per annum
Travelling allowance	1,500 per month
Professional subscription	5,000 per annum
Benefits in kind	**RM**
Maid employed and paid by Puan Anith (reimbursement)	750 per month
Car and fuel (1 June to 31 December 2017) :	
Cost of the car when new	230,000
Insurance premium and road tax	9,500
Fuel	7,800
Driver was employed by company (since 1 June 2017)	1,850 per month
Maternity bill expenses	2,050
Mobile phone and bill provided by employer	3,650
A package tour:	
a) Oversea: Turkey (herself, husband and a son)	13,000
b) Malaysia:	
Danga Bay	830
Pulau Manukan	5,870
Cherating	1,569
Chenang	2,340
Withdrawal from unapproved scheme (70% represents the employer's share)	70,000
Accommodation:	
Fully furnished house provided by company (rental)	10,000 per month
Inclusive of rental of furniture and household	2,500 per month

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The following claims were made by Puan Anith:	**RM**
Rental paid to the employer for the accommodation provided	24,000
Entertainment expenses incurred on company's clients	35,000
Travelling to meet company's client	19,560
Petrol and toll charges for traveling from house to office	3,000

Required:

a) Compute the statutory employment income of Puan Anith for the YA 2017. (20 marks)

b) Under what circumstances will gratuity be fully exempted from income tax? (5 marks)

(Total: 25 marks)

QUESTION 3

Part A

Norbi Ahmad, a former teacher in Malaysia. She is also a freelance writer of articles and author of several books. In 2017, she translated a literary work at the specific request of the Ministry of Education. Her income from royalties and expenditure for the year ended 31 December 2017 are as follows:

Income:	**RM**	**Due Date**	**Payment Date**
From translation	15,000	15/5/2017	9/6/2017
From translation	13,000	15/6/2017	12/7/2017
From books (Asam Pedas)	85,000	20/8/2017	5/9/2017
From books (Gurukah Aku Atau?)	98,000	23/12/2017	31/12/2017
Expenditure:			
Cost of computer	5,420		
Editing/ typing expenses	13,000		

Required:

Compute the adjusted income from royalties of Norbi Ahmad for the YA 2017. (10 marks)

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Part B

Wax Sdn Bhd has been operating as a manufacturer of office furniture since 2007. The paid up capital as at 1 November 2016 is RM1.3 million. For the year ended 31 October 2017, the company submitted the following information:

	RM
Business 101 – manufacturing:	
Adjusted loss	(4,300)
Balancing charge	10,500
Capital allowances – current year	5,200
Unabsorbed capital allowance b/f	3,100
Business 102 – trading:	
Gross income	90,500
Expenditure (Note 1)	59,000
Unabsorbed loss b/f	(1,220)
Capital allowances – current year	57,000
Balancing allowance	5,000
Rental income	8,000
Interest income	4,700

Note 1

Inclusive of cash donations to approved charitable institutions of RM3,000 and depreciation of RM9,000.

Required:

Compute the income tax payable for YA2017. (15 marks)

(Total: 25 marks)

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QUESTION 4

Encik Nizam and Puan Mitsumi have employment income of RM63,600 and RM30,400 respectively for YA 2017. Encik Nizam worked as an assistant engineer at company in Selangor and Puan Mitsumi is a clerk at TBM Sdn Bhd.

Both of them contributed EPF RM6,996 and 3,344 respectively. Encik Nizam spent RM1,370 on purchasing sport equipments, children books RM500 and internet subscription RM1,920. Besides, he also incurred RM2,760 on medical insurance while the wife incurred RM1,750 for educational insurance on the children.

During the year, Encik Nizam contributes RM750 for zakat. Encik Nizam and Puan Mitsumi contributed cash donation to an approved institution of RM400 and RM1,200 respectively. Encik Nizam support his parent medical expenses (with receipts) amounted to RM 6,720.

They have four children with the following details:

First: Michiko	She is 24 years old in 2017 and has been a student at university in London since October 2012 on government scholarship.
Second: Ayashi	She is 22 years old in 2017 and has been a student at a local university. However, she is married.
Third: Katoshi	He is 19 years old in 2017 and is attending a higher level education in MMU Melaka Campus. Encik Nizam incurred RM3,000 on the child's maintenance during the year. She is disabled person.
Fourth: Miguri	She is 16 years old in 2017, primary school

In addition, Encik Nizam has a gross dividend income from Malaysia of RM8,000 and interest from Malaysian bank of RM2,775.

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Required:

a) Compute the income tax payable for YA 2017 for Encik Nizam under joint assessment. The wife has elect for joint assessment. (20 marks)

b) If the chargeable income is RM42,000 (joint assessment), how much would be the income tax payable for YA 2017 for Encik Nizam? Assume the other information remains the same. (5 marks)

(Total: 25 marks)

[GRAND TOTAL 100 MARKS]

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APPENDIX

The following rates and allowances are to be used in answering all questions:

(a) Rates of tax for year of assessment 2017:

(i) Company: -paid-up capital > 2.5 million 24%
-paid-up capital ≤2.5 million

On the first	500,000	18%
On the next	500,000	24%

(ii) Non-resident individual 28%

(iii) Resident individuals:

Chargeable Income (RM)		Rate %	Tax payable (RM)
On the first	2,500	0	0
On the next	2,500	0	0
On the first	5,000	1	0
On the next	15,000		150
On the first	20,000	5	150
On the next	15,000		750
On the first	35,000	10	900
On the next	15,000		1,500
On the first	50,000	16	2,400
On the next	20,000		3,200
On the first	70,000	21	5,600
On the next	30,000		6,300
On the first	100,000	24	11,900
On the next	150,000		36,000
On the first	250,000	24.5	47,900
On the next	150,000		36,750
On the first	400,000	25	84,650
On the next	200,000		50,000
On the first	600,000	26	134,650
On the next	400,000		104,000
On the first	**1,000,000**	28	**238,650**
Excess			

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(b) Value of benefits in kind – Motor Vehicle and Related Benefits

Cost Of Car When New (RM)	Annual Value Of BIK (RM)	Fuel Per Annum (RM)
Up to 50,000	1,200	600
50,001 - 75,000	2,400	900
75,001 - 100,000	3,600	1,200
100,001 - 150,000	5,000	1,500
150,001 - 200,000	7,000	1,800
200,001 - 250,000	9,000	2,100
250,001 - 350,000	15,000	2,400
350,001 - 500,000	21,250	2,700
500,001 and above	25,000	3,000

(c) Prescribed value of household furnishing, apparatus and appliances.

Category	Types Of BIK	Annual Value Of BIK
(a)	Semi-furnished with furniture in the lounge, dining room or bedrooms.	RM840 (RM 70 per month)
(b)	Semi-furnished with furniture as above and one or more of the following:- air-conditioners, curtains and carpets.	RM1,680 (RM 140 per month)
(c)	Fully-furnished with benefits as above plus one or more of the following:- kitchen equipment, crockery, utensils and appliances.	RM3,360 (RM 280 per month)
(d)	Service charges and other bills such as water and electricity and telephone	Service charge and bills paid by the employer

(d) Prescribed value of other benefits

Item	Types Of BIK	Value Of BIK (RM)
(a)	Corporate recreational club membership	Membership subscription paid by employer
(b)	Gardener	3,600 per person (300 per month)
(c)	Driver	7,200 per person (600 per month)
(d)	Household servant	4,800 per servant (400 per month)

(d) Relief for year assessment 2017:

PERSONAL RELIEF FOR YA 2017		RM	
1	Taxpayer	9,000	
2	Disable taxpayer (additional relief)	6,000	
3	Wife relief (claimed by husband) : Wife elects joint assessment or no source of income : Wife disabled (additional relief)	 4,000 3,500	
4	Husband relief (claimed by husband)	4,000	

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	: Husband elects joint assessment or no source of income : Husband disabled (additional relief)	3,500	
5	Medical expenses for taxpayer's parents (restricted to)	5,000	
6	Parental care • Father • Mother (Age > 60 years old, annual income ≤RM2,400)	 1,500 1,500	
7	Medical expenses for taxpayer, spouse and children on serious disease (including RM500 medical examination)	6,000	With receipts
8	Supporting equipment for disabled taxpayer spouse, children or parents	6,000	
9	Child relief (claimed by husband or wife) • Per child (below 18 years old) • Per child (over 18 years old) - Universities or college • Disabled child (unmarried) • Disabled child (over 18 years old) - Universities or college	 2,000 8,000 6,000 14,000	
10	Amount deposited into Skim Simpanan Pendidikan National (SSPN) for child (restricted to)	6,000	
11	EPF or approved fund (contributed by employee) and life insurance premium (restricted to)	6,000	
12	Premium on deferred annuity contract and private retirement scheme	3,000	
13	Insurance premium for education/medical (restricted to)	3,000	
14	Employee's contribution to Social Security Organisation (SOCSO) Scheme	250	
15	Education fees paid by taxpayer for his own improvement in relation to law and accounting, Islamic finance, industrial, scientific or technological skills or postgraduates studies (Master, PhD) in Malaysia	7,000	
16	Lifestyle expenses for taxpayer, spouse and children -purchase reading materials -purchase sports equipment -purchase computer, smartphone/tablet -internet subscription -gym membership fee	2,500	
17	Breastfeeding equipment (child age ≤2 years old)	1,000	
18	Fees paid to childcare centre &kindergarten	1,000	

End of Paper.